

**WASHINGTON. D.C.** – The Special Inspector General of the Troubled Asset Relief Program (SIGTARP) Neil Barofsky, today released its quarterly report that blasted the Treasury Department for instituting “the equivalent of a fully deployed TARP program” without transparency and for setting “meaningless” standards to measure the true impact of the Home Affordable Modification Program (HAMP), characterizing it as “anemic” and a “government program that does no more than subsidize activity that would have occurred in its absence is not an efficient or effective use of taxpayer dollars.”

“The fact that the Obama Administration is treating TARP like its own personal slush-fund is beyond egregious and a complete betrayal of what the American people were told would be then when their tax-dollars were used to bailout Wall Street,” said Rep. Darrell Issa (R-CA), the Ranking Member of the House Committee on Oversight and Government Reform.. “How many more reports will it take for Washington to wake-up to the reality that dumping more good money after bad only prolongs and deepens the economic crisis that is costing millions of Americans their jobs and their homes? All the while, despite repeated warnings from the SIGTARP, the Treasury Department has managed TARP with less transparency, less accountability exposing taxpayer dollars to even more waste, fraud, abuse and mismanagement.”

**SIGTARP Assails Treasury for Increased Spending, Decrease in Transparency:**

- “Indeed, the current outstanding balance of overall Federal support for the nation’s financial system ... has actually *increased* more than 23% over the past year, from approximately \$3.0 trillion to \$3.7 trillion – the equivalent of a fully deployed TARP program, largely without Congressional action – even as the banking crisis has, by most measures, abated from its most acute phases.” (p.5)

- Treasury has either refused to implement or only partially implemented 20 of SIGTARP’s recommendations for basic transparency and accountability in the operations of TARP. [CH - This mismanagement leaves the program less transparent, less accountable, and more susceptible to waste, fraud, and abuse.] (p.183-190)

- “Treasury has already jumped into the deep end of the moral hazard pool through TARP in general.” (p.175-76)

**SIGTARP ramps up its criticism of the HAMP program:**

- “Unfortunately, HAMP continues to **struggle to achieve** its original stated objective, to help millions of homeowners avoid foreclosure ‘by reducing monthly payments to sustainable levels...’[T]he number of homeowners helped through HAMP through permanent modifications **remains anemic**

... and

**HAMP has not put an appreciable dent in foreclosure filings.”**

(p.6)

- “One continuing source of frustration is that **Treasury has rejected** calls to announce publicly any goals or performance

**benchmarks**

for HAMP or its related initiatives concerning how many homeowners it actually expects to help stay in their homes, despite

**repeated recommendations**

that it do so from SIGTARP, the Congressional Oversight Panel and the Government Accountability Office (“GAO”).” (p.6)

- “Instead, Treasury clings to its prior statements that it plans to offer trial modifications to three to four million homeowners, a measure that SIGTARP has previously shown to be essentially meaningless. **Treasury’s refusal to provide meaningful goals** for this

important program is a fundamental

**failure of transparency and accountability**

that makes it far more difficult for the American people and their representatives in Congress to assess whether the program’s benefits are worth its very substantial cost.” (p.6-7)

- “The American people are essentially being **asked to shoulder an additional \$50 billion of national debt** without being told, more

than 16 months after the program's announcement, how many people Treasury hopes to actually help stay in their homes as a result of these expenditures, how many people are intended to be helped through other subprograms, and how the program is performing against those expectations and goals. Without such clearly defined standards, positive comments regarding the progress or success of HAMP are simply not credible, and the growing public suspicion that the program is an outright failure will continue to spread." (p.7)

- "First, American taxpayers and their representatives in Congress **have an absolute right to know** what the Government's specific expectations and goals are for using the \$50 billion that will be added to the national debt as a result of this program." (p.174)

- "Treasury's continued **refusal to provide benchmarks** for itself leaves it **vulnerable** to accusations that it is simply **trying to avoid accountability**. If Treasury sets no meaningful goals, it cannot be held accountable for failing to meet those goals and instead can continue claiming each incremental increase in participation a success, irrespective of the program's cost or whether it could have been designed to help more homeowners." (p.174)

- "There is a growing consensus that **re-defaults will indeed be a problem in HAMP**." (p.177)

- “Simply put, a Government program that does no more than subsidize activity that would have occurred in its absence is not an efficient or effective use of taxpayer dollars ....” (p.178)

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